EXHIBIT 3
DATE 1.18.07
HB 216

TALKING POINTS for HB 0216

Increase Residential Alternative Energy Tax Credit

- We hear acknowledgement that we are "addicted to oil," and that that means is that energy dependence is an issue of national security. We are energy vulnerable. Encouraging the development of economies of scale in alternative energy systems will reduce the cost and stimulate the demand for these systems, moving us forward toward energy independence in the United States.
    - US consumption relies on 55% imports today and is projected to reach 68% by 2025
    - Energy security, in my view, will depend on our ability to diversify our energy portfolio
        - Diversify in terms of sources
        - Diversify in terms of short-term and long-term investments
        - Diversify in terms of production modes, especially locally or customer-generated along with farmed or industrially produced and transmitted
    - 22% of all domestic consumption is residential and Residential electricity use is projected to increase by 17% by 2015
- Residential appliances, including heating and cooling equipment and water heaters, consume 90% of all energy used in the U.S. residential sector.
- Solar water heaters offered the largest potential savings, with solar water-heater owners saving as much as 50% to 85% annually on their utility bills over the cost of electric water heating.
- Research shows that an average household with an electric water heater spends about 25% of its home energy costs on heating water

- Those of us in highly productive and highly mobile industrialized democracies of course consume more energy. And the goal of "development programs," if successful, is that all other countries in the world should aspire to consume energy at the same rate we do.
    - One person born in the US today consumes 25 times more energy than a person born in India
    - The amount of energy used to light one night time sports event in the US is equal to the amount of energy consumed by Nigeria in a whole month.
- Public Opinion Research polls indicate that 81% favored giving "cash incentives like tax credits and rebates to individual households that upgrade to more energy efficient systems.
    - Polls in Montana show similar results, for example, creating energy that is reliable, clean, and renewable is was ranked "very important" by 77% of Montanans polled in September of this year and by 75% it is more important to them that it is clean as well as a source of economic development 67% do not think that wind is too expensive or unreliable to become a major source of energy in the state
- Tax incentives encourage the use of alternative energy and renewable energy equipment, systems and facilities, which helps develop markets and spurs industry to greater production. This results in jobs and economic development.
    - Markets do not encourage private investment for public benefits — tax incentives can correct that issue.
- Tax incentive programs diversify states' energy and economic tax structure.
- Tax incentive programs are proven to stimulate consumer demand.
- Only 312 Montana taxpayers utilized the maximum tax credit of $500 in 2005, 1544 utilized some portion or all of the credit that year.
- Most alternative energy systems for residences involve the use of solar energy, particularly hot water heaters, home heating, and AC and DC home electricity systems.

- The cost for hot water heaters ranges from $5500 to $9500, and for complete home energy systems from a "cabin-sized" system between $3500 and $7000 to "medium-sized" home for $10,000 or a "large off-grid home system for $22,000 to $40,000.

- A $500 tax credit is simply inadequate to stimulate sufficient demand to accelerate the market in alternative energy. A $1000 tax credit might. California and New Jersey have offered 60% and 50% rebates. These so stimulated demand that California has begun to reduce its rebates and hopes that the stimulation in demand will bring down the price of solar panels and allow an eventual phasing out of rebates altogether. New York, Massachusetts, Rhode Island and Illinois have instituted similar programs.

- 16 states now have tax incentive programs and 26 states have rebated programs.

- The impact on revenue – an estimated loss of $411,796 in 2008, $1.2 million in 2009. and $2.37 in 2010 – would be offset by the stimulation of demand for production and installation of alternative energy systems. This, in turn, will increase business income and jobs, both of which also contribute revenue in business and income taxes. For every $1000 in tax credits, an individual is spending between $3500 and $40,000 on equipment and installation. Someone will be making money from those sales, and they will be paying taxes on that income.

- Wisconsin enacted a similar bill last year and an energy study group there predicted that a statewide commitment to incentivize alternative energy could generate over $800 million in economic impact (Wisconsin Apollo Alliance)

- Also good for water, and for the environment Average use in US 12 KW hours per person per day; one kilowatt hour solar produced electricity, the energy used to light one 100 watt light bulb for 10 hours:

    - prevents 300 lbs. of CO_2 from entering the atmosphere
    - keeps 105 gallons of water from being consumed
    - keeps NO and SO_2 from being released into the environment

- A substantial portion of the windfall in our current budget is there because of increased oil and gas production and rising prices. IT makes good sense to uses some part of that windfall to create tan incentives to stimulate the demand for alternative energy use in the residential sector. Tt makes good economic sense, good political sense, and it will substantially contribute to a more energy secure future for all Montanans. I'm happy to answer questions, would like to reserve some time to close, and thank you in advance for listening to a long but important introduction.